Michigan Deptartment of Treasury 496 (2-04)

Audit			ocedures Re	port						
Local Gover	nment Type		o ∐Village ∐Oth	Local Governmer BLUMFIE	ent Name LD TOWNSHIP			County	INAW	
Audit Date 3/31/05			Opinion Date 5/26/05		Date Accountant Res 7/15/05	port Submi	tted to State:			
accordance Financial	e with th Statemen	ne S	nancial statements of statements of the Governments and Local U	vernmental Accou	unting Standards	Board (GASB) and th	e Uniform	Reporting F	epared in
We affirm		ام ما	with the Dulletin for the	- A						
			with the Bulletin for the			ent in Mic	chigan as revise	ed.		
			blic accountants regist							
			llowing. "Yes" responsi endations	es have been disc	closed in the finan	cial state	ements, includi	ng the notes	, or in the re	port of
You must o	check the	арр	licable box for each ite	em below.						
Yes	✓ No	1.	Certain component u	nits/funds/agencie	es of the local unit	are excl	uded from the	financial sta	atements.	
Yes	√ No	2.	There are accumulate 275 of 1980).	ted deficits in one	e or more of this	unit's un	reserved fund	balances/re	tained earni	ngs (P.A.
Yes	√ No	3.	There are instances amended).	of non-complian	ce with the Unifo	rm Acco	ounting and Bu	dgeting Ac	(P.A. 2 of	1968, as
Yes	√ No	4.	The local unit has verequirements, or an o					the Municip	al Finance /	Act or its
Yes	√ No	5.	The local unit holds as amended [MCL 12				-	requiremer	its. (P.A. 20	of 1943,
Yes	√ No	6.	The local unit has be	en delinquent in d	distributing tax reve	enues th	at were collecte	ed for anoth	er taxing un	it.
Yes	√ No	7.	The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned 7. pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).							
Yes	√ No	8.	The local unit uses (MCL 129.241).	credit cards and	has not adopted	an app	licable policy a	as required	by P.A. 266	of 1995
Yes	✓ No	9.	The local unit has no	t adopted an inve	stment policy as re	equired b	oy P.A. 196 of 1	1997 (MCL 1	29.95).	
We have	enclosed	l the	e following:				Enclosed	To Be Forward		Not quired
The letter	of comm	ents	and recommendation	S.			✓			
Reports o	n individu	ıal fe	ederal financial assista	nce programs (pr	ogram audits).				,	/
Single Au	dit Repor	ts (A	ASLGU).							✓
Certified Pu		-	Firm Name) OMPANY CPAS					4		
Street Addre	ess RROW L	ANE			City SAG	INAW		State ZIP 48638		
Accountant.	Signature	ne	eh A. Ben	trians				Date 7-	15-0:	5

BLUMFIELD TOWNSHIP

Saginaw County, Michigan

FINANCIAL STATEMENTS

March 31, 2005

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60 Harrow Lane Saginaw, Michigan 48603

(989) 791-1555 Fax (989) 791-1992

INDEPENDENT AUDITORS' REPORT

To the Township Board Blumfield Township, Saginaw County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Blumfield Township as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Blumfield Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Blumfield Township, as of March 31, 2005, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison schedules as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Blumfield Township's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be part of, the basic financial statements.

As described in Note 12, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and related statements, as of April 1, 2004.

Berthains & Co.

May 26, 2005



STATEMENT OF NET ASSETS

March 31, 2005

	Governmental <u>Activities</u>			
Assets:				
Cash and cash equivalents	\$ 431,155			
Taxes receivable	4,864			
Special assessments receivable	79,318			
Interest receivable	2,663			
Due from other governmental units	28,931			
Prepaid expenditures	6,222			
Total current assets	553,153			
Noncurrent Assets:				
Capital assets:				
Nondepreciable capital assets	51,500			
Depreciable capital assets, net	505,046			
Special assessments receivable - net of current portion	576,571			
Total noncurrent assets	1,133,117			
Total assets	1,686,270			
Liabilities:				
Accounts payable	14,785			
Accrued interest payable	6,530			
Due to other governmental units	658			
Deposits payable	1,250			
Long-term liabilities:	,			
Due within one year	116,775			
Due in more than one year	831,280			
Total liabilities	971,278			
Net assets:				
Invested in capital assets, net of related debt	378,021			
Restricted for:				
Debt service	67,627			
Capital projects	26,246			
Nonexpendable cemetery principal	75,361			
Unrestricted	167,737			
Total net assets	\$ 714,992			

The accompanying notes are an integral part of these financial statements.

STATEMENT OF ACTIVITIES

			Program Revenues					
		Expenses	Charges for Services		Operating Grants and Contributions		Net (Expense) Revenue	
Functions/Programs PRIMARY GOVERNMENT:								
Governmental activities:								
General government	\$	124,633	\$	26,463	\$	-	\$	(98,170)
Public safety		62,460		940		1,528		(59,992)
Public works		218,854		76,475		3,356		(139,023)
Community and economic development		7,324		3,547		-		(3,777)
Recreation and culture		13,600		-		-		(13,600)
Interest on long-term debt		33,939						(33,939)
Total governmental activities		460,810		107,425		4,884		(348,501)
General revenues:								
Taxes:								
Property taxes, levied for general purpose								69,077
Property taxes, levied for road improvements								107,877
Special assessment collections for debt service								159,457
Grants and contributions not restricted to								
specific programs								137,361
Unrestricted investment earnings								7,824
Miscellaneous								2,410
Contribution to Water Authority for debt service pay	ment	.s						(38)
Contribution to Water Authority - Waterline								(139,369)
Contributions to principal of permanent funds								1,300
Total general revenues, contributions,								
special items and transfers								345,899
Change in net assets								(2,602)
Net assets, beginning of year								717,594
Net assets, end of year							\$	714,992

GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2005

		General Fund	Wa	1999 anes Rd. Beyer Rd. ter District bbt Service #11	Wa	2002 Gera Rd. M-15 ster District ebt Service # 12	R Wa	2004 Haack Rd. Leese Rd. Leer District bt Service # 13
Assets:	¢.	269.255	Ф	7.520	Ф	52.500	¢.	
Cash and cash equivalents Taxes receivable	\$	268,255	\$	7,538	\$	52,500	\$	-
Special assessments receivable		4,864		151,286		221,203		123,776
Interest receivable		-		769		477		123,770
Due from other governmental units		28,931		-		-		-
Prepaid expenditures		6,222						
Total assets	\$	308,272	\$	159,593	\$	274,180	\$	123,969
Liabilities and Fund Balances: Liabilities:								
Accounts payable	ф	1 4 70 4	Ф		ф		ф	
and accrued expenses	\$	14,784	\$	-	\$	-	\$	-
Due to other governmental units Deposits payable		1,250		=		-		-
Deferred revenue		1,230		150,004		221,203		121,838
Deferred revenue				130,004		221,203		121,030
Total liabilities		16,034		150,004		221,203		121,838
Fund balances:								
Reserved for:								
Prepaid expenditures Unreserved:		6,222		-		-		-
General fund		286,016		_		_		_
Debt service funds		-		9,589		52,977		2,131
Capital projects funds		_		-		-		-
Permanent fund					_			
Total fund balances		292,238		9,589		52,977		2,131
Total liabilities and fund balances	\$	308,272	\$	159,593	\$	274,180	\$	123,969

Ro W	Haack Rd. eese Rd. aterline astruction		Jonmajor vernmental Funds	Total Governmental Funds				
\$	24,834	\$	78,027	\$	431,154			
	-		-		4,864			
	-		159,624		655,889			
	-		1,224		2,663			
	-		-		28,931			
	-	_		_	6,222			
\$	24,834	\$	238,875	\$	1,129,723			
\$		\$		\$	14,784			
Ψ		Ψ	658	Ψ	658			
	_		-		1,250			
			158,514		651,559			
			159,172	_	668,251			
	-		-		6,222			
	-		-		286,016			
	-		2,930		67,627			
	24,834		1,412		26,246			
			75,361		75,361			
	24,834		79,703		461,472			
\$	24,834	\$	238,875	\$	1,129,723			

2004

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

March 31, 2005

Total fund balances for governmental funds	\$	461,472
Total net assets reported for governmental activities in the statement of of net assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	728,272	
Less accumulated depreciation	(171,726)	556,546
Interest payable in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds.		(6,530)
Deferred revenues reported in the governmental funds are recognized as revenues for the governmental activities.		651,559
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds:		
Special assessment bonds payable	(425,000)	
Special assessment contracts payable	(344,648)	
Installment purchase contracts payable	(178,407)	(948,055)
Net assets of governmental activities	<u>\$</u>	714,992

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

		General Fund	W	1999 Janes Rd. Beyer Rd. ater District Debt Service #11	Wat	2002 Gera Rd. M-15 ter District bt Service # 12	R Wa	2004 Haack Rd. eese Rd. ter District bt Service # 13
Revenues:								
Taxes	\$	199,074	\$	-	\$	-	\$	-
Licenses and permits		940		-		-		-
State grants		145,713		-		-		-
Contributions from other units		-		-		-		-
Charges from services		80,022				-		-
Interest and rents		5,054		30		572		-
Other revenue		3,010		26,666		30,251		15,873
Total revenues		433,813		26,696		30,823		15,873
Expenditures: Current:								
General government		88,465				-		-
Public safety		43,976				-		-
Public works		218,894		-		-		-
Community and economic development		7,024		-		-		-
Recreation and culture		13,600		-		-		-
Other		17,492		-		-		-
Capital outlay		15,299		-		-		-
Debt service:								
Principal		41,593		20,000		20,000		12,500
Interest and charges		8,100		9,848		12,525		2,089
Total expenditures		454,443	_	29,848		32,525		14,589
Excess (deficiency) of								
revenues over expenditures		(20,630)	_	(3,152)		(1,702)		1,284
Other financing sources (uses)								
Installment purchase contract proceeds		-		-		-		-
Transfers in		1,740		-		-		847
Transfers out		-				-		-
Transfers to Water Authority		-				-		
Total other financing sources (uses)	_	1,740						847
Net change in fund balances		(18,890)		(3,152)		(1,702)		2,131
Fund balances, beginning of year, as restated		311,128	_	12,741		54,679		
Fund balances, end of year	\$	292,238	\$	9,589	\$	52,977	\$	2,131

R W	2004 Haack Rd. eese Rd. aterline astruction	Gov	on-Major ernmental Funds	Total Governmental Funds				
\$	-	\$	-	\$	199,074			
	-		-		940			
	-		-		145,713			
	-		6,696		6,696			
	-		-		80,022			
	185		2,858		8,699			
	40,425		47,542	_	163,767			
	40,610		57,096		604,911			
	-		-		88,465			
	-		-		43,976			
	-		-		218,894			
	-		-		7,024			
	-		-		13,600			
	-		-		17,492			
	139,329		9,587		164,215			
	-		10,000		104,093			
	-		2,010		34,572			
	139,329		21,597		692,331			
	(98,719)		35,499		(87,420)			
	124,400				124,400			
	-		_		2,587			
	(847)		(1,740)		(2,587)			
	-		(43,320)		(43,320)			
_	123,553		(45,060)	_	81,080			
	24,834		(9,561)		(6,340)			
			89,264	_	467,812			
\$	24,834	\$	79,703	\$	461,472			
_	,00 1	<u> </u>	, , , , ,	_	, 2			

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

March 31, 2005

Net change in fund balances - total governmental funds		\$	(6,340)
Total change in net assets reported for governmental activities in the statement of activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.			
Capital outlay	7,384		
Less depreciation expense	(19,958)	((12,574)
Debt proceeds are recorded as a revenue in the governmental funds, but as a long-term liability in the statement of net assets		(1	25,000)
Repayments of principal on bonds and contracts are an expenditure in governmental funds, but the payment reduces long-term liabilities in the statement of net assets.		1	40,679
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Change in accrued interest on bonds and contracts payable			633
Change in net assets of governmental activities		\$	(2,602)

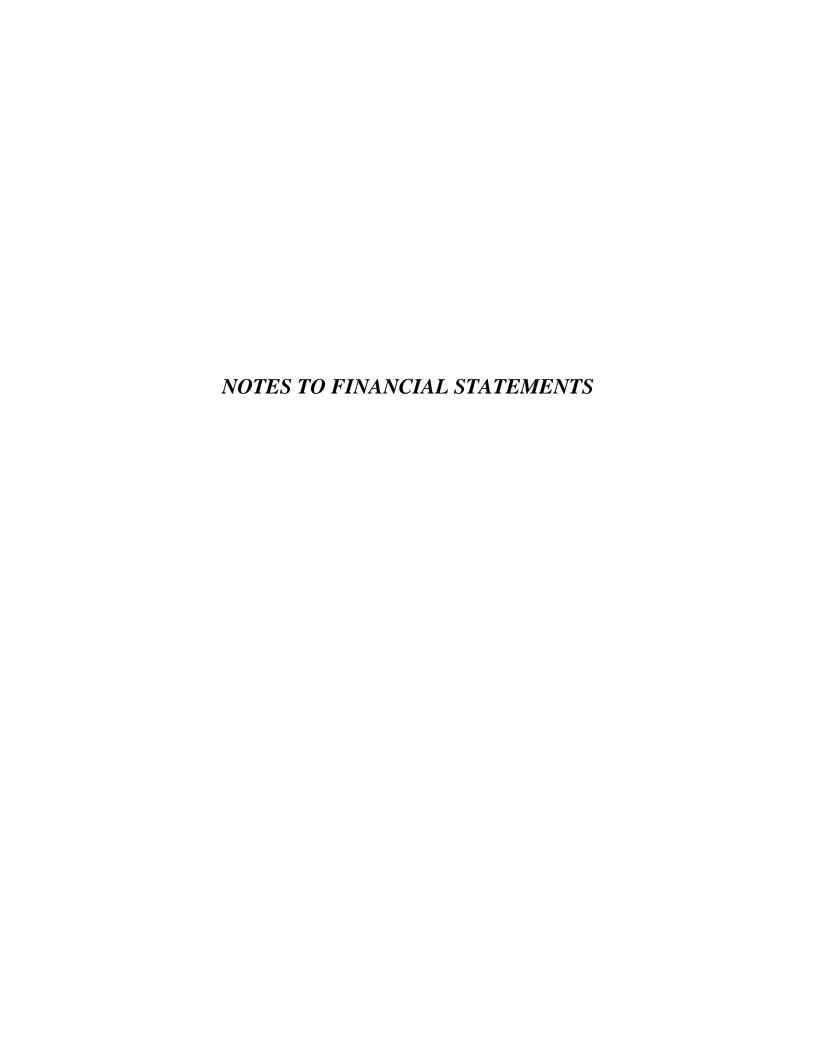
BLUMFIELD TOWNSHIP

FIDUCIARY FUND

STATEMENT OF NET ASSETS

March 31, 2005

	Agency Fund
Assets:	
Cash and cash equivalents	\$ 5,653
Total assets	5,653
Liabilities:	
Accounts payable and accrued expenses	5,653
Total liabilities	5,653
Net Assets:	
Unrestricted	<u>\$ -</u>
Total net assets	<u>\$ -</u>



NOTES TO FINANCIAL STATEMENTS

March 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Blumfield Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity:

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Township. In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Township may be financially accountable and, as such, should be included within the Township's financial statements. The Township (the primary government) has no component units and accordingly, the Township has not consolidated any entities into its financial statements.

JOINT OPERATIONS:

Blumfield-Reese Water Authority - The Village of Reese and Blumfield Township jointly established the Blumfield-Reese Water Authority in 1968. The Authority was organized in order to construct, operate and maintain certain water storage, transmission and distribution facilities and to provide the two municipalities with water it purchases from the City of Saginaw. The Village and the Township have provided financial backing for various debt obligations of the Authority. Separate financial statements can be obtained by contacting the Blumfield-Reese Water Authority, 12810 East Washington, Reese, Michigan 48757.

Fire Agreement – In March 2000, the Township and Village of Reese entered into an operating agreement for the purpose of establishing a fire protection system. The expenses related to this agreement are to be shared by the Township and Village of Reese as designated by the agreement. This agreement shall continue in effect for three years and will automatically renew for successive one year periods. The Township's costs related to this fire agreement are accounted for in the General Fund.

Construction Code Group – In March 2004, Blumfield Township, Frankenmuth Township and the City of Frankenmuth entered into an operating agreement for the purpose of consolidating the protective inspections for the three units. The expenses related to this agreement are to be shared by the three units as designated by the agreement. The Township's costs related to this protective inspection agreement are accounted for in the General Fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

March 31, 2005

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the Township.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The Township does not allocate indirect costs. In creating the government-wide financial statements the Township has eliminated interfund transactions.

The government-wide focus is on the sustainability of the Township as an entity and the change in the Township's net assets resulting from current year activities.

Fund Financial Statements:

Separate financial statements are provided for governmental funds and fiduciary fund, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

March 31, 2005

Property taxes, fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Fiduciary funds are accounted for on a spending or economic resources measurement focus and the accrual basis of accounting as are the proprietary funds.

The Township reports the following major governmental funds:

The **General Fund** is the primary operating fund of the Township. It is used to account for all financial resources, except for those required to be accounted for in another fund.

The 1999 Janes/Beyer Rd. Water District #11 is used to account for the revenues collected to retire special assessment debt.

The 2002 N. Gera Rd./ M-15 Water District #12 are used to account for the revenues collected to retire special assessment debt.

The **2004 W. Haack Rd./Reese Rd. Water District #13** is used to account for the revenues collected to retire special assessment debt.

The **2004 West Haack Rd./Reese Rd. Waterline Construction** is used to account for the debt proceeds and special assessments collected to construct a waterline.

Assets, Liabilities and Equity:

<u>Deposits and Investments</u> – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. Investments are stated at fair value. For purposes of the statement of cash flows, the Township considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

<u>Interfund Receivables and Payables</u> – Generally, outstanding amounts owed between funds are classified as "due from/to other funds". These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

<u>Inventories and Prepaid Items</u> – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

March 31, 2005

<u>Capital Assets</u> – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Township defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Public domain (infrastructure) assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized if acquired after April 1, 2004. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20-50 years
Distribution system	15-50 years
Equipment	5-25 years
Furniture and equipment	5-25 years
Site improvements	15-25 years
Vehicles	10-25 years

<u>Compensated Absences</u> – The Township does not allow the carryover of unused sick or vacation days.

 $\underline{\textit{Long-term Obligations}}$ – In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

<u>Fund Equity</u> – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Eliminations and Reclassifications

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

March 31, 2005

Property Taxes:

Township property taxes are attached as an enforceable lien on property as of July 1 for the summer levy and December 1 for the winter levy. Taxes levied July 1 and December 1 are due without penalty on or before September 14 and February 14, respectively. These tax bills include the Township's own property taxes and taxes billed on behalf of the school districts within the Township boundaries and Saginaw County.

The 2004 taxable valuation of the Township totaled \$72,227,035 on which ad valorem taxes levied consisted of .9549 mills for the Township's operating purposes and 1.4979 mills for road improvements.

The delinquent real property taxes of the Township are purchased by Saginaw County. The delinquent real property taxes are received soon enough after year end to be recorded as revenue in the current year.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information:

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1. The Township Clerk submits to the Township Board a proposed operating budget by fund for each year. The operating budget includes proposed expenditures and the means of financing them.
- 2. A public hearing is conducted to obtain taxpayer comments.
- 3. Prior to April 1, the budget is legally enacted by adoption of the Township Board.
- 4. Any revision that alters the total expenditures of any fund must be approved by the Township.
- 5. Formal budgetary integration is employed as a management control device during the year for all funds.
- 6. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General Fund budget as originally adopted and amended by the Township Board is included in the required supplemental information.
- 7. All annual appropriations lapse at fiscal year end.

Excess of Expenditures over Appropriations in Budgeted Funds:

During the year, the Township did not incur expenditures that were materially in excess of the amounts budgeted.

March 31, 2005

State Construction Code Act:

The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus generated since January 1, 2000 is as follows:

Cumulative surplus at April 1, 2004	\$ -
Current year building permit revenue	940
Related expenditures:	
Direct costs	 (950)
Cumulative surplus at March 31, 2005	\$ _

NOTE 3: DEPOSITS AND INVESTMENTS

The Township's deposits at March 31, 2005 are included in the statement of net assets under the following categories:

Cash and cash equivalents \$ 431,155

Deposits:

The breakdown in deposits for the Township is as follows:

Bank deposits (checking accounts, savings accounts,

and certificates of deposit) \$431,155

The deposits of the primary government were reflected in the accounts of financial institutions (without recognition of checks written but not yet cleared or of deposits in transit) at \$184,278, of which \$183,243 is covered by federal depository insurance and the remainder was uninsured and uncollaterized. The Township believes that due to the dollar amount of cash deposits and the limits of the FDIC insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Deposits have been made in accordance with statutory authority.

March 31, 2005

NOTE 4: CAPITAL ASSETS

Primary Government capital asset activity for the year ended March 31, 2005 was as follows:

	Bala	nce	A	dditions	Retire	ements	 Balance
Governmental activities:							
Nondepreciable capital assets:							
Land	\$	51,500	\$		\$		\$ 51,500
Depreciable capital assets:							
Buildings and improvements	3′	75,000		-		-	375,000
Equipment	(57,010		-		-	67,010
Furniture and equipment	3	30,000		-		-	30,000
Site improvements		-		7,384		-	7,384
Vehicles	19	97,378					 197,378
	60	59,388		7,384		-	676,772
Accumulated depreciation	(1:	51,768)		(19,958)			 (171,726)
Total depreciable capital assets, net	5	17,620		(12,574)			505,046
Capital assets, net	\$ 50	59,120	\$	(12,574)	\$		\$ 556,546

Depreciation expense was charged to functions as follows:

General government	\$ 7,546
Public Safety	 12,412
Total governmental activities	\$ 19,958

NOTE 5: SPECIAL ASSESSMENTS RECEIVABLE

The Township has levied special assessments for the financing of water lines within the Township. These special assessments receivable balances as of March 31, 2005 are as follows:

DEBT FUNDS:

1991 Haack Road/M-15 Water District #3	\$ 540
1992 M-46/M-83 Water District #4	19,224
1994 Block/M-46/Reese Rd., Water District #7	49,737
1994 Janes, East of Beyer, Water District #8	8,888
1997 Reese Road, M-15, Water District #9	39,923
1997 Bradley Road, Water District #10	41,312
1999 Janes Road, Beyer Road, Water District #11	151,286
2002 N. Gera Rd./M-15 Water District #12	221,203
2004 W. Haack Rd./Reese Rd. Water District #13	 123,776
	\$ 655,889

March 31, 2005

NOTE 6: DEFERRED REVENUE IN GOVERNMENTAL FUNDS

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Un	available	Une	earned	tal Deferred Revenue
Special assessments receivable	\$	651,559	\$	-	\$ 651,559

Only the unearned component of deferred revenue is carried forward to the government-wide statement of net assets.

NOTE 7: LONG-TERM LIABILITIES

The Township has installment contracts with Saginaw County that were used to finance water line construction. Installment contracts are general obligations, which are direct obligations of the government and pledge the full faith and credit of the Township.

Long-term liabilities at March 31, 2005 consisted of the following:

Types of Indebtedness	Maturity	Interest Rate	Principal Installments	Loan Amount	Outstanding at Year-End
Special Assessment Bonds:					
1991 Issue - Water District # 3	06/01/05	7.0%	\$ 15,000	\$ 180,000	\$ 15,000
1992 Issue - Water Distric # 4	10/1/05-10/1/11	6.5-6.75%	5,000-10,000	105,000	45,000
1999 Issue - Water District # 11	10/1/05-10/1/13	5.55%	15,000-20,000	250,000	150,000
2002 Issue - Water District # 12	4/1/06-4/1/17	4.375%	20,000-25,000	320,000	260,000
Special Assessment Contracts Payable:					
1994 Issue - Water District # 7	3/15/06-3/15/09	5.00%	16,333	245,000	65,332
1994 Issue - Water District # 8	3/15/06-3/15/09	5.00%	3,000	45,000	12,000
1997 Issue - Water District # 9	2/15/06-2/15/12	6.10%	7,834-11,194	114,414	66,018
1999 Issue - Water District # 10	12/1/05-12/1/13	4.85%	4,867	73,000	43,798
2004 Issue - Water District # 13	3/15/06-3/15/14	4.15%	12,500	125,000	112,500
Installment Purchase Contracts Payable:					
2003 Issue - Town Hall Addition	5/1/05-5/1/13	3.66%	16,475-22,177	195,000	178,407

March 31, 2005

The following is a summary of long-term liabilities transactions for the year ended March 31, 2005:

	eginning Balance	Ad	lditions	R	etirements_	Ending Balance	 e Within ne Year
Special Assessment Bonds:							
1991 Issue - Water District # 3	\$ 25,000	\$	-	\$	(10,000)	\$ 15,000	\$ 15,000
1992 Issue - Water Distric # 4	50,000		-		(5,000)	45,000	5,000
1999 Issue - Water District # 11	170,000		-		(20,000)	150,000	15,000
2002 Issue - Water District # 12	 280,000		-		(20,000)	 260,000	 20,000
	 525,000		_		(55,000)	 470,000	 55,000
Special Assessment Contracts Payable:							
1994 Issue - Water District #7	81,670		-		(16,338)	65,332	16,333
1994 Issue - Water District # 8	15,000		-		(3,000)	12,000	3,000
1997 Issue - Water District # 9	73,399		-		(7,381)	66,018	7,834
1999 Issue - Water District # 10	48,665		-		(4,867)	43,798	4,867
2004 Issue - Water District # 13	 -		125,000		(12,500)	 112,500	 12,500
	 218,734		125,000		(44,086)	 299,648	 44,534
Installment Purchase Contracts Payable:							
1999 Issue - Fire Truck	25,000		-		(25,000)	-	-
2003 Issue - Town Hall Addition	 195,000		_		(16,593)	 178,407	 17,146
	 220,000				(41,593)	 178,407	 17,146
	\$ 963,734	\$	125,000	\$	(140,679)	\$ 948,055	\$ 116,680

Annual debt service requirements to maturity for the above contractual obligations are as follows:

Year Ended	Governmental Activities					
March 31,	Principal	Interest	Total			
2006	\$ 116,775	\$ 44,365	\$ 161,140			
2007	102,886	38,959	141,845			
2008	109,050	34,026	143,076			
2009	105,269	28,748	134,017			
2010	87,213	23,691	110,904			
2011	98,550	19,386	117,936			
2012	94,952	14,569	109,521			
2013	74,541	10,298	84,839			
2014	83,819	7,025	90,844			
2015	25,000	3,281	28,281			
2016	25,000	2,188	27,188			
2017	25,000	1,094	26,094			
	\$ 948,055	\$ 227,630	\$ 1,175,685			

March 31, 2005

NOTE 8: BLUMFIELD-REESE WATER AUTHORITY

As discussed in Note #1 concerning the reporting entity, the Township is a participant in the Blumfield-Reese Water Authority. In this connection, Blumfield Township has pledged its financial support and backing for various liabilities of the Authority.

Also, the Township incurred special assessment debt issues #3 through #13 in connection with water system construction activities of the Authority. Annual debt payments on issues #4 through #10 are handled by the Water Authority.

NOTE 9: RESTRICTED MILLAGE

The Township levies an approved road millage of 1.5 mills (1.4979 for 2004) for road construction and road repair and maintenance. A summary of the millage levied and spent, for the year, is as follows:

Balance - March 31, 2004	\$ -
Current property taxes collected	107,877
Expenditures	107,877
Balance - March 31, 2005	\$ _

NOTE 10: INTERFUND TRANSFERS

Interfund transfers reported in the fund statements were as follows:

Funds Transferred From	Funds Transferred To		mount
Capital Project Fund:	Debt Service Fund:		
2004 W. Haack Rd./ Reese Rd.	2004 W. Haack Rd./ Reese Rd.		
Waterline Construction	Water District # 13	\$	847
Nonmajor governmental fund:	Major Governmental Fund:		
Permanent Fund	General Fund		1,740
	Total	\$	2,587

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

March 31, 2005

NOTE 11: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township manages its liability and property risk and worker's compensation insurance by participating in Michigan Township Participating Plan, a public entity risk pool providing property and liability coverage to its participating members. The Township pays an annual premium to Michigan Township Participating Plan for its insurance coverage. The Michigan Township Participating Plan is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence-based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 12: PRIOR PERIOD ADJUSTMENTS

Change in Recognition of Sales Tax Revenue:

Recognition of state shared revenue payments of sales tax should agree with the State of Michigan's distribution periods. In prior years, the payment distributed in April for January/February collection period was recorded as revenue in the next year, or the year that it was received. In accordance with accounting principles generally accepted in the United States of America, this payment should be accrued to the prior year.

The effect of this adjustment on General Fund fund balance is as follows:

Fund balance, as previously stated, as of 3/31/04	\$ 292,848
Add: State shared revenue for sales tax that should have accrued to prior year	 18,280
Fund balance, restated, as of 3/31/04	\$ 311,128

Accounting Change:

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments* (Statement). The Township is required to implement the new requirements for the year ended March 31, 2005. The more significant of the changes to the financial statements as a result of the Statement are as follows:

March 31, 2005

For the first time, the financial statements will include:

- Government-wide financial statements prepared using full accrual accounting for all of the Township's activities.
- Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds.

As a result of implementing the Statement, the following restatements were made to beginning fund balance and net asset accounts:

Government-wide Financial Statements:

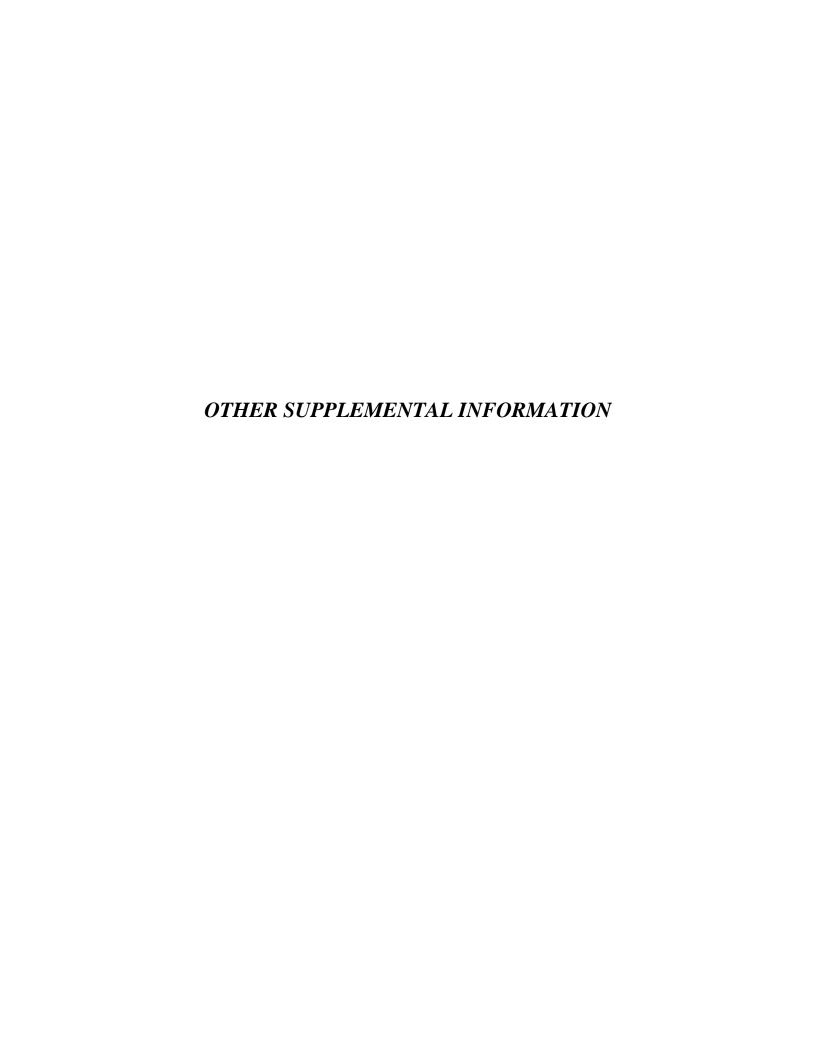
Beginning net assets for governmental activities was determined as follows:

Fund balances of the general, debt service, capital projects, and non-expendable	
trust funds as of 3/31/04, as restated.	\$ 467,812
Add: Governmental capital assets	720,888
Deduct: Accumulated depreciation as of 3/31/04	
on above governmental capital assets	(151,768)
Add: Deferred revenue as of 03/31/04	651,559
Deduct: Governmental Long-term Liabilities as of 3/31/04	(963,734)
Deduct: Accrued interest payable on Long-term liabilities as of 03/31/04	(7,163)
62/01/04	ф. 717 504
Governmental net assets as of 3/31/04	<u>\$ 717,594</u>



BUDGETARY COMPARISON SCHEDULE

	Budgeted Amounts					Actual Over (Under)		
	Original Final			Final		Actual		al Budget
Revenues:								
Property taxes	\$	199,600	\$	199,600	\$	199,074	\$	(526)
Licenses and permits		940		940		940		-
State grants		144,884		144,884		145,713		829
Charges for services		101,789		101,789		80,022		(21,767)
Interest and rents		5,500		5,500		5,054		(446)
Other revenue		18,534		18,534		3,010		(15,524)
Total revenues		471,247		471,247		433,813		(37,434)
Expenditures:								
Current:								
General government		125,954		125,954		88,465		(37,489)
Public safety		59,987		59,987		43,976		(16,011)
Public works		249,845		249,845		218,894		(30,951)
Community and economic development		7,337		7,337		7,024		(313)
Recreation and culture		13,600		13,600		13,600		=
Other		22,705		22,705		17,492		(5,213)
Capital outlay		16,000		16,000		15,299		(701)
Debt service:								
Principal		41,593		41,593		41,593		=
Interest and charges		8,100		8,100		8,100		
Total expenditures		545,121		545,121		454,443		(90,678)
Excess (deficiency) of								
revenues over expenditures		(73,874)	_	(73,874)	_	(20,630)		53,244
Other financing sources (uses):								
Transfers in		985	_	985	_	1,740		755
Total other financing sources (uses)		985		985		1,740		755
Net change in fund balance		(72,889)		(72,889)		(18,890)		53,999
Fund balance, beginning of year, as restated		311,128		311,128	_	311,128		
Fund balance, end of year	\$	238,239	\$	238,239	\$	292,238	\$	53,999



DETAILED SCHEDULE OF REVENUES

Revenues:	
Current taxes:	
Property taxes	\$ 176,954
Administration fees	22,120
	199,074
Licenses and permits:	
Nonbusiness licenses and permits	940
•	940
State grants:	
Liquor license fees	1,528
State revenue sharing - Sales tax	137,361
Metro Act	3,356
Summer tax collection reimbursement	3,468
	145,713
Charges for services:	
Refuse collection fees	76,475
Zoning/Variance Application Fees	3,547
	80,022
Interest and rents:	
Interest	4,179
Building rental	875
	5,054
Other revenue:	
Cemetery lots/perpetual care	200
Reimbursements	50
Other	2,760
	3,010
Total revenues	\$ 433,813

DETAILED SCHEDULE OF EXPENDITURES

Expenditures: General Government:		
Council:		
Personnel	\$	2,250
	4	2,250
Com amilia au		
Supervisor: Personnel		8,400
Travel/Mileage		66
Therefrineage		8,466
		0,100
Clerk:		12 400
Personnel		12,400
Supplies Transportation		924 213
Transportation		13,537
		13,337
Audit: Contracted services		2 140
Contracted services		3,140 3,140
		3,140
Board of Review:		
Contracted services Conference and travel		900 55
Conference and traver		955
		955
Treasurer:		
Personnel		12,399
Supplies		2,042
Contracted services		3,601
Transportation		111
Conference and travel		249
Other		175
		18,577
Assessor:		
Personnel		9,600
Supplies		2,209
Contracted services		1,335
		13,144

DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)

Expenditures, continued:	
Elections:	
Personnel	1,260
Supplies	563
Contracted services	1,186
Transportation	199
Registration, dues and training	25
Printing and publications	36
	3,269
Buildings and Grounds:	
Personnel	260
Supplies	244
Telephone	1,169
Utilities	2,721
Repairs and maintenance	4,098 8,492
	8,492
Attorney:	
Contracted services	2,502
	2,502
	
Cemetery:	
Personnel	160
Utilities	144
Repairs and maintenance	6,702
	7,006
Community Activities:	
Contracted services	908
	908
Other General Government:	
Supplies	960
Contracted services	639
Telephone	150
Dues and memberships	1,472
Conference and travel	664
Printing and publications	2,292
Other	42
	6,219
Total general government	00 4/5
Total general government	88,465

DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)

Expenditures, continued: Public Safety:	
Police: Telephone	359
reteptione	359
Liqour Enforcement:	
Personnel	100
Contracted services	1,200
Travel/Mileage	83
	1,383
Fire:	
Personnel	2,295
Supplies	713
Contracted services	21,000
Telephone	2,400
Dues & memberships	506
Education & training	4,621
Printing & publications	91
Utilities Repairs & maintenance	2,260 7,398
repairs & maintenance	$\frac{7,356}{41,284}$
Protective Inspection and Regulation:	
Personnel	175
Contracted services	775
	950
Total public safety	43,976
Public Works:	
Drains - Public Benefit:	
Repairs and maintenance	23,148
	23,148
Highways and Streets:	102.077
Repairs and maintenance	123,977
	123,977
Street Lighting:	486
Utilities	486
Dof. a.	460
Refuse: Contracted services	71,283
Contracted bot vices	71,283
Total public works	218,894

DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)

Expenditures, continued: Community and Economic Development:	
Planning and Zoning:	
Personnel	165
Supplies	159
Contracted services	5,365
Travel/Mileage	576
Printing and publications	603
Repairs and maintenance	156
	7,024
Total community and economic development	7,024
Recreation and Culture:	
Parks and Recreation:	
Contracted services	6,000
	6,000
Library:	
Contracted services	7,600
	7,600
Total recreation and culture	13,600
Other:	
Insurance	13,841
	13,841
Payroll taxes	3,651
	3,651
Total other	17,492
Debt Service:	
Principal	41,593
Interest and fees	8,100
	49,693
Capital Outlay:	
General government	8,927
Public safety	6,372
	15,299
Total expenditures	<u>\$ 454,443</u>

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

March 31, 2005

	Debt Service Funds								
	Ha	1991 Haack Rd M-15 Water District #3		1992 M-46 M-83 Water District #4		1994 Block / M-46 Reese Rd Water District #7		1994 Janes East of Beyer Water District #8	
Assets:									
Cash and cash equivalents	\$	2,346	\$	-	\$	-	\$	-	
Special assessments receivable		540		19,224		49,737		8,888	
Interest receivable		44		-		88		-	
Total assets	\$	2,930	\$	19,224	\$	49,825	\$	8,888	
Liabilities and Fund Balances:									
Liabilities:									
Accounts payable									
Due to other governmental units	\$	-	\$	-	\$	658	\$	-	
Deferred revenue		-		19,224		49,167		8,888	
Total liabilities				19,224		49,825		8,888	
Fund balances:									
Unreserved:									
Debt service funds		2,930		-		-		-	
Capital projects fund		-		-		-		-	
Permanent fund									
Total fund balances		2,930		-					
Total liabilities and fund balances	\$	2,930	\$	19,224	\$	49,825	\$	8,888	

Debt Service Funds		_	al Projects Fund	Pe	rmanent Fund					
1997 Reese Rd M-15 Water District #9		1999 Bradley Road Water District #10		Township Hall Addition Construction Fund			emetery ertpetual Care Fund	Total Nonmajor Governmental Funds		
\$	39,923	\$	41,312	\$	1,412 - -	\$	74,269 - 1,092	\$	78,027 159,624 1,224	
\$	39,923	\$	41,312	<u>\$</u>	1,412	\$	75,361	\$	238,875	
\$	39,923	\$	41,312	\$	<u>-</u>	\$	- -	\$	658 158,514	
	39,923		41,312		-		-		159,172	
	- - - -		- - - -		1,412 		- - 75,361		2,930 1,412 75,361	
					1,412		75,361		79,703	
\$	39,923	\$	41,312	\$	1,412	\$	75,361	\$	238,875	

NONMAJOR GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

	Debt Service Funds						
	1991 Haack Rd M-15 Water District #3	1992 M-46 M-83 Water District #4	1994 Block / M-46 Reese Rd Water District #7	1994 Janes East of Beyer Water District #8			
Revenues:				0			
Contribution from Water Authority	\$ 6,696	\$ -	\$ -	\$ -			
Interest	3	-	-	_			
Perpetual care	-	-	-	-			
Special Assessments	2,922	4,982	19,859	2,563			
Total revenues	9,621	4,982	19,859	2,563			
Expenditures:							
Current:							
Capital outlay	-	-	-	-			
Debt service:	10,000						
Principal	10,000 2,010	-	-	-			
Interest and charges							
Total expenditures	12,010						
Excess (deficiency) of							
revenues over expenditures	(2,389)	4,982	19,859	2,563			
Other financing sources:							
Transfers out	_	- (4.092)	(10.050)	(2.5(2))			
Transfers to Water Authority		(4,982)	(19,859)	(2,563)			
Total other financing sources		(4,982)	(19,859)	(2,563)			
Net change in fund balance	(2,389)	-	-	-			
Fund balance, beginning of year	5,319						
Fund balance, end of year	\$ 2,930	\$ -	<u>\$</u>	\$ -			

Debt Service Funds		Capital Projects Fund	Permanent Fund				
1997 1999 Reese Rd Bradley M-15 Road		1999 Bradley Road Water District	Township Hall Addition Construction Fund	Cemetery Pertpetual Care Fund	Total Nonmajor Governmental Funds		
\$	- - - 8,498	\$ - - - 7,418	\$ - 12 -	\$ - 2,843 1,300	\$ 6,696 2,858 1,300 46,242		
	8,498	7,418	12	4,143	57,096		
	-	-	9,587	-	9,587		
	-		- -	<u> </u>	10,000 2,010		
			9,587		21,597		
	8,498	7,418	(9,575)	4,143	35,499		
	(8,498)	(7,418)	- -	(1,740)	(1,740) (43,320)		
	(8,498)	(7,418)		(1,740)	(45,060)		
	-	-	(9,575)	2,403	(9,561)		
			10,987	72,958	89,264		
\$		\$ -	\$ 1,412	\$ 75,361	\$ 79,703		

FIDUCIARY FUNDS – AGENCY FUND

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

March 31, 2005

	Beginning Balance	Additions	Deductions	Ending Balance	
Property Tax Collection Fund					
Assets: Cash and cash equivalents	\$ 855	\$ 2,373,404	\$ 2,368,606	\$ 5,653	
Liabilities: Due to other governmental units	\$ 855	\$ 2,373,404	\$ 2,368,606	\$ 5,653	

March 31, 2005

1991 Water Special Assessment Bonds in the Name of the Township (M-15, Haack Rd., Water District #3)

		Semi-Annual				Total			
Interest	Fiscal		Interest Payments				Annual		cal Year
Rate	Year	June 1 December 1			mber 1	i	Maturity	Requirements	
7.0%	2006	\$	525	\$	-	\$	15,000	\$	15,525

1992 Contract Payable to Water Authority for Special Assessment Bonds Issued in Name of Water Authority (M-46/M-83 Water District #4):

Interest	Fiscal		Semi-Annual Interest Payments				Annual		Total Fiscal Year	
 Rate	Year	Octo	ober 1	Ap	ril 1	Maturity		Requirements		
6.5%	2006	\$	1,506	\$	1,344	\$	5,000	\$	7,850	
6.6	2007		1,344		1,179		5,000		7,523	
6.7	2008		1,179		1,011		5,000		7,190	
6.7	2009		1,011		844		5,000		6,855	
6.75	2010		844		675		5,000		6,519	
6.75	2011		675		338		10,000		11,013	
6.75	2012		338		-		10,000		10,338	
		\$	6,897	\$	5,391	\$	45,000	\$	57,288	

1994 Installment Purchase Contract Payable to First of America Bank for Special Assessment Water Project (Block, M-46, Reese Road, Water District #7):

Payment Number	Payment Date	P	rincipal	Ιı	ıterest	Total
12	15-Mar-06	\$	16,333	\$	3,312	\$ 19,645
13	15-Mar-07		16,333		2,484	18,817
14	15-Mar-08		16,333		1,661	17,994
15	15-Mar-09		16,333		829	17,162
		\$	65,332	\$	8,286	\$ 73,618

Interest rate - 5.0%

March 31, 2005

1994 Installment Purchase Contract Payable to National City Bank for Special Assessment Water Project (Janes, East of Beyer, Water District #8):

Payment Number	Payment Date	Pi	rincipal	In	terest	Total
12	15-Mar-06	\$	3,000	\$	608	\$ 3,608
13	15-Mar-07		3,000		456	3,456
14	15-Mar-08		3,000		305	3,305
15	15-Mar-09		3,000		152	3,152
		\$	12,000	\$	1,521	\$ 13,521

Interest rate - 5.0%

1997 Installment Purchase Contract Payable to Citizens Bank for Special Assessment Water Project (Reese Road - M-15, Water District #9):

Payment Number	Payment Date	Principal		I	nterest	Total		
9	2-15-06	\$	7,834	\$	4,047	\$	11,881	
10	2-15-07		8,314		3,567		11,881	
11	2-15-08		8,824		3,057		11,881	
12	2-15-09		9,365		2,516		11,881	
13	2-15-10		9,939		1,942		11,881	
14	2-15-11		10,548		1,333		11,881	
15	2-15-12		11,194		687		11,881	
		\$	66,018	\$	17,149	\$	83,167	

Interest rate - 6.1%

1999 Installment Purchase Contract Payable to National City Bank for Special Assessment Water Project (Bradley Road, Water District #10):

Payment Number	Payment Date	Principal		Iı	nterest	Total		
7	12-1-05	\$	\$ 4,867		2,124	\$	6,991	
8	12-1-06		4,867	\$	1,888		6,755	
9	12-1-07		4,867		1,652		6,519	
10	12-1-08		4,867		1,416		6,283	
11	12-1-09		4,867		1,180		6,047	
12	12-1-10		4,867		944		5,811	
13	12-1-11		4,867		708		5,575	
14	12-1-12		4,867		472		5,339	
15	12-1-13	4,862			236		5,098	
		\$	43,798	\$	10,620	\$	54,418	

Interest rate - 4.85%

March 31, 2005

1999 Water Special Assessment Bonds in the Name of the Township (Janes Road, Beyer Road, Water District #11):

Interest Rate	Fiscal Year	Oct	Interest Paym		Semi-Annual Interest Payments October 1 April 1		t Payments		Payments Annual			Total Fiscal Year Requirements	
5.55%	2006	\$	4,162	\$	4,163	\$	15,000	\$	23,325				
5.55	2007		3,747		3,746		15,000		22,493				
5.55	2008		3,330		3,330		20,000		26,660				
5.55	2009		2,775		2,775		15,000		20,550				
5.55	2010		2,359		2,359		15,000		19,718				
5.55	2011		1,942		1,943		20,000		23,885				
5.55	2012		1,388		1,387		15,000		17,775				
5.52	2013		971		971		15,000		16,942				
5.55	2014		555		555		20,000		21,110				
		\$	21,229	\$	21,229	\$	150,000	\$	192,458				

2002 Water Special Assessment Bonds in the Name of the Township (N. Gera Rd., M-15, Water District #12):

Interest Rate	Fiscal Year	Principal	Interest	 Total scal Year uirements
4.375%	2006	\$ 20,000	\$ 11,375	\$ 31,375
4.375	2007	20,000	10,500	30,500
4.375	2008	20,000	9,625	29,625
4.375	2009	20,000	8,750	28,750
4.375	2010	20,000	7,875	27,875
4.375	2011	20,000	7,000	27,000
4.375	2012	20,000	6,125	26,125
4.375	2013	20,000	5,250	25,250
4.375	2014	25,000	4,375	29,375
4.375	2015	25,000	3,281	28,281
4.375	2016	25,000	2,188	27,188
4.375	2017	 25,000	1,094	26,094
		\$ 260,000	\$ 77,438	\$ 337,438

March 31, 2005

2004 Installment Purchase Contract Payable to National City Bank for Special Assessment Water Project (W. Haack Rd./Reese Rd., Water District #13):

Interest Rate			Principal	Interest	Total Fiscal Year Requirements	
4.150%	3-15-06	\$	12,500	\$ 4,669	\$	17,169
4.150	3-15-07		12,500	4,150		16,650
4.150	3-15-08		12,500	3,631		16,131
4.150	3-15-09		12,500	3,113		15,613
4.150	3-15-10		12,500	2,594		15,094
4.150	3-15-11		12,500	2,075		14,575
4.150	3-15-12		12,500	1,556		14,056
4.150	3-15-13		12,500	1,038		13,538
4.150	3-15-14		12,500	519		13,019
		\$	112,500	\$ 23,345	\$	135,845

2003 Installment Purchase Contract to National City Bank for Construction of Township Hall Addition.

Payment Number	ž		Principal			Total		
2	05-01-05	\$	17,241	\$	6,530	\$	23,771	
3	05-01-06		17,872		5,898		23,770	
4	05-01-07		18,526		5,245		23,771	
5	05-01-08		19,204		4,567		23,771	
6	05-01-09		19,907		3,863		23,770	
7	05-01-10		20,635		3,136		23,771	
8	05-01-11		21,391		2,380		23,771	
9	05-01-12		22,174		1,596		23,770	
10	05-01-13		21,457		785		22,242	
		\$	178,407	\$	34,000	\$	212,407	

 $Interest\ rate-3.66\%$



60 Harrow Lane Saginaw, Michigan 48603

(989) 791-1555 Fax (989) 791-1992

MANAGEMENT LETTER

To the Township Board Blumfield Township, Saginaw County, Michigan

We have completed our audit of the financial statements of Blumfield Township for the year ended March 31, 2005, and have issued our report thereon dated May 26, 2005. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The Township's administration is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by the administration are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide the administration with reasonable, but not absolute assurance that assets are safeguarded against unauthorized use or disposition and that transactions are executed in accordance with the administration's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may, nevertheless, occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Blumfield Township taken as a whole. Our study and evaluation disclosed no conditions that we believe to be material weaknesses.

This report is intended solely for the use of the Township management and should not be used for any other purpose.

We wish to extend our appreciation to you and your staff for the assistance accorded us during our examination.

Sincerely,

Berthiaume & Company

Certified Public Accountants

Betchiqueme & Co.

May 26, 2005